

U.S. Department of Justice
United States Attorney
Western District of New York

Further inquiries: (716) 843-5814

138 Delaware Avenue
Buffalo, New York 14202

PRESS RELEASE

February 15, 2005

RE: UNITED STATES v. PETER DRAGAN

United States Attorney Michael A. Battle announced today that Peter Dragan, age 88, of Albion, New York, was sentenced to a prison term as a result of his October 2004 felony conviction for unlawful conversion of property. Assistant U.S. Attorney John E. Rogowski said Dragan pled guilty on October 25, 2004, to illegally converting property pledged as collateral to the U.S. Commodity Credit Corporation.

United States District Judge William M. Skretny ordered that Dragan be incarcerated for 52 consecutive weekends. Judge Skretny also ordered Dragan to pay restitution of \$384,579 to the Commodity Credit Corporation. Judge Skretny directed that Dragan report to the Niagara County jail by 8 p.m. every Friday and remain there until 5 p.m. every Sunday, for a one year period.

Rogowski stated that in November 2001, Dragan received a \$233,346 loan from the Federal Commodity Credit Corporation, an agency of the United States Department of Agriculture. Pursuant to the terms of the loan, Dragan pledged approximately 43,373 bushels of soybeans as collateral. The loan agreement provided that if Dragan sold any of the collateralized soybean, he was required to repay the \$233,346 loan from the proceeds of such sales. In fact, from March through August 2002, Dragan sold over 64,886 bushels of soybeans for which he received 19 checks totaling \$341,477. The checks were made payable jointly to Dragan and the Commodity Credit Corporation.

In his guilty plea, Dragan admitted that instead of repaying the loan by turning the jointly payable checks over to the Commodity Credit Corporation, he intentionally and illegally deposited all the check proceeds into his own checking account, and then failed to make any payments on the loan. As a result, the federal government suffered a total loss on the soybean loan.

Mr. Dragan had also admitted that in the fall of 2002 and spring of 2003, he failed to turn over \$151,502 in proceeds he received from the sale of wheat that had been pledged as collateral on a second loan from the federal government. Thus, the government suffered losses totaling \$384,849 from Dragan's criminal conduct, the amount Judge Skretny ordered Dragan to repay as restitution.

In imposing sentence, Judge Skretny stated that he took into account Dragan's age, family circumstances, and farm business concerns, but that the amount of money obtained by Dragan by his fraudulent acts made the imposed jail time necessary.

The guilty plea was the result of an investigation on the part of the United States Department of Agriculture - Office of Inspector General, under the direction of Thomas Petko, Assistant Special Agent in Charge of Investigations.

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